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C O N F I D E N T I A L BAGHDAD 000399

SENSITIVE
SIPDIS

DEPT FOR NEA/RA FOR MARK KELLY
USTR FOR DAWN SHACKLEFORD
USTR FOR CHRIS DEANGELIS
COMMERCE FOR FRED DAVIDSON

E.O. 12958: DECL: 02/03/2020
TAGS: [KBCT](#) [ECON](#) [ETRD](#) [XF](#) [IZ](#)
SUBJECT: ALB: ANOTHER STEP CLOSER TO DE FACTO
NON-IMPLEMENTATION

REF: A. 09 BAGHDAD 3152 ET. AL
[B](#). 09 BAGHDAD 2527
[C](#). MCFARLAND/DEANGLIS E-MAIL 02/14/2010

Classified By: EMIN John Desrocher for reasons 1.4 (b, d).

[1](#). (C) Summary: "In the next few days," the Ministry of Health (MOH) plans to quietly amend its licensing and registration regulations to remove a troublesome Arab League Boycott (ALB) compliance requirement that MOH imposes ad hoc on some foreign firms (ref A), MOH Senior Advisor Dr. Salah Shubber told Assistant United States Trade Representative Michael Delaney during Delaney's February 7-11 visit to Baghdad. A close-hold "verbal directive" issued by the Council of Ministers in late 2009 reportedly instructed ministries to cease ALB implementation practices despite Iraqi regulatory requirements to the contrary. The MOH did not amend its regulations, however, and foreign firms have reported occasional ALB compliance requests initiated by the MOH. With the MOH making changes that would bring it in line with other formerly problematic ministries (Trade, Patent and Trademark, and Oil), the GOI appears to be taking another important step toward de facto non-implementation. Proof, however, will be in new regulations that omit ALB compliance requirements. Senior GOI officials have asked us to avoid drawing attention to these changes based on concerns that public discussion could create a political backlash, particularly ahead of national elections on March 7. End Summary.

SFA JCC TRADE AND INVESTMENT WORKING GROUP ANNOUNCES CHANGE

[2](#). (C) During his February 7-11 visit to Baghdad, Assistant United States Trade Representative Michael Delaney co-chaired a special meeting of the Strategic Framework Agreement's Joint Coordinating Committee Working Group on Trade and Investment (septel). During the February 7 working group meeting, Ministry of Health Senior Advisor Dr. Salah Shubber announced that the Health Minister had "just taken the decision" to remove ALB compliance requirements from the Health Ministry's registration and licensing regulations. Shubber thanked econoff for moderating the discussion between Shubber and Ministry of Trade Senior Advisor Dr. Abdulhadi al-Hamiri that resulted in the change to the regulations.

SPECIFIC CHANGE WOULD REMOVE ALB COMPLIANCE REQUIREMENTS

13. (C) The change in regulations would specifically remove Section C, Paragraph 4, "Requirements for the Registration of Pharmaceutical Companies." This regulation and the full text of the "Drug Registration Regulations" is currently available at <http://www/kim-moh.net/Register/1.pdf>. If properly implemented, the change would mean that U.S. and other foreign firms prohibited by domestic laws from complying with the ALB could use Israeli parts, labor, or transit/shipping facilities, as a component of their contract with the MOH or its state purchasing company, Kimadia. Currently, Section C, Paragraph 4 reads:

"Requirements"

"- Certification letter regarding the boycott with Israel (i.e. (Products) Do not comprise any parts, raw materials, labor or capital of Israeli origin). It is acceptable to simply specify the country of origin for raw materials. (This certificate should be sign and stamp (sic) by the company itself.)"
Qcompany itself.)"

SOME IN GOI RECOGNIZE PROBLEM, WANT QUIET SOLUTION

14. (C) National Investment Commission Acting Chairman and SFA JCC Trade and Investment Working Group co-chair Dr. Sami al-Araji told Delaney that he understood USG and EU restrictions on ALB compliance and that the GOI was pursuing non-implementation as a practical matter to increase trade and investment. Al-Araji stressed, however, that public revelations of a softening of policy toward Israel would provide political capital for opponents of the current

government to exploit. "This issue would unite a lot of people -- Baathists, religious zealots, secularists, everyone," al-Araji told us; "Public debate would stop this (removal of the ALB requirement) in its tracks."

COMMENT: ENCOURAGING PROGRESS, BUT PROOF STILL PENDING

15. (C) The straightforward commitment by a senior Ministry of Health official at a formal meeting of the U.S-Iraq Joint Coordinating Committee Working Group is a promising sign that the GOI is taking yet another step toward de facto non-implementation of the ALB. We have already followed up with Dr. Shubber and will advise addressees when/if the new regulations are published.
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